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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-69266; File No. SR-CME-2013-03)

April 2, 2013

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Clarifying Amendments to CME Rule 980

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 18, 2013, Chicago Mercantile Exchange Inc. (“CME” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which items have been prepared primarily by CME. CME filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(1)<sup>4</sup> thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this Notice to solicit comments on the rule change from interested persons.

I. Self-Regulatory Organization’s Statement of Terms of Substance of the Proposed Rule Change

CME proposes to make certain clarifying revisions to existing CME Rule 980 relating to clearing member records and reports. CME also certified the proposed changes that are the subject of this filing to the Commodity Futures Trading Commission (“CFTC”) in CME Submission 13-073. CME intends to implement the proposed changes on March 21, 2013. The text of the rule change is as follows, with additions underlined and deletions in brackets.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

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CME RULE 980. REQUIRED RECORDS AND REPORTS

- A. Each clearing member shall prepare, maintain and keep current those books and records required by the rules of the Exchange, the Commodity Exchange Act and the Regulations thereunder. Such books and records shall be open to inspection and promptly provided to the Exchange upon request.
- B. Each clearing member shall maintain an adequate accounting system, internal accounting controls, and procedures for safeguarding customer and firm assets [as set forth in CFTC Regulation 1.16(d)(2)]. This includes, but is not limited to, the following:
  - 1. Preparation and maintenance of complete and accurate reconciliations for all accounts; [and]
  - 2. Resolution of reconciling items in a timely manner; and
  - 3. Prevention of a material inadequacy as defined in CFTC Regulation 1.16(d)(2).
- C. A clearing member must file any information requested by the Exchange within the time period specified in the request.
- D. Each clearing member shall maintain at all times the ability to provide to the Exchange in an acceptable form a complete set of equity system reports (including, at a minimum, the equity run, open position listing, day trade listing, cash adjustments listing and performance bond call and debit equity listing). Such reports shall be available to the Exchange in Chicago no later than 8:00 a.m. Chicago time on the business day following the report date.

E. Each clearing member shall maintain at all times the ability to provide to the Exchange a listing of each customer's method of access to CME markets, including front end applications and network connections.

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Rule 981 – End – No Change

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II. Self-Regulatory Organization's Statement of Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CME included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the rule change. The text of these statements may be examined at the places specified in Item IV below. CME has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>5</sup>

A. Self-Regulatory Organization's Statement of Purpose of, and Statutory Basis for, the Proposed Rule Change

CME is registered as a derivatives clearing organization with the CFTC and operates a substantial business clearing futures and swaps contracts subject to the jurisdiction of the CFTC. CME proposes to make certain clarifying amendments to CME Rule 980 relating to clearing member records and reports. Current CME Rule 980.B requires each CME clearing member to maintain adequate books and records in accordance CFTC Regulation 1.16(d)(2). The Rule further identifies specific requirements in sub-clauses 980.B.1 (preparation and maintenance of complete and accurate reconciliations for all accounts) and 980.B.2 (resolution of reconciling items in a timely manner) which are requirements of CME. In order to clarify the requirements

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<sup>5</sup> The Commission has modified the text of the summaries prepared by CME.

of CME Rule 980, CME is proposing to amend CME Rule 980.B to provide for a separate clause requiring compliance with CFTC Regulation 1.16(d)(2) as a new sub-clause 980.B.3. As such, the change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. The rule change is therefore properly filed under Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(1) thereunder.

CME believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and, in particular, Section 17A(b)(3)(F) of the Act, which requires, among other things, that the rules of a clearing agency be designed to protect investors and the public interest. The proposed rule change is designed to clarify clearing members' obligations under CME Rule 980 with respect to maintaining an adequate accounting system, internal accounting controls, and procedures for safeguarding customer and firm assets. Specifically, the proposed rule change clarifies that these obligations include the preparation and maintenance of complete and accurate reconciliations for all accounts, the resolution of reconciling items in a timely manner, and prevention of a material inadequacy as defined in CFTC Regulation 1.16(d)(2). This rule change is being made to enhance CME's efforts to protect investors who utilize its clearinghouse services through its clearing members.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

CME does not believe that the rule change will have any impact, or impose any burden, on competition.

**C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

CME has not solicited, and does not intend to solicit, comments regarding this rule change. CME has not received any unsolicited written comments from interested parties.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>6</sup> of the Act and Rule 19b-4(f)(1)<sup>7</sup> thereunder because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. At any time within 60 days of the filing of the rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.<sup>8</sup>

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-CME-2013-03 on the subject line.

#### Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C., 20549-1090.

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-4(f)(1).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(C).

All submissions should refer to File Number SR-CME-2013-03. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of CME. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions.

You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CME-2013-03 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).